OLR Bill Analysis

sSB 61 (File 267, as amended by Senate "A")*

AN ACT CONCERNING WORKERS' COMPENSATION AND LIABILITY FOR HOSPITAL AND AMBULATORY SURGICAL CENTER SERVICES.

SUMMARY:

This bill changes how the default rates for workers' compensation-related services at hospitals and ambulatory surgical centers (ASC) are determined when an injured employee's employer or workers' compensation insurance carrier (the "payor") does not negotiate rates with the hospital or ASC. Current law requires the payor to pay a hospital for its actual costs of treating an injured worker, as determined by a workers' compensation commissioner. In practice, the payor and hospital or ASC generally negotiate discounted rates for the hospital's or ASC's services. If they do not negotiate, the payor must pay the hospital's or ASC's billed rates (see BACKGROUND).

The bill instead requires the Workers' Compensation Commission chairman, by January 1, 2015, to establish and publish Medicare-based formulas for determining rates for workers' compensation-related services at hospitals and ASCs. The formulas must be for services covered by Medicare. In establishing them, the chairman must consult with employers and their insurance carriers, self-insured employers, hospitals, ambulatory surgical centers, third-party reimbursement organizations, and any other entities the chairman deems necessary. After initially publishing the formulas, the chairman must annually publish them on January 1.

Starting 90 days after the chairman publishes the formulas, the bill caps the default rates at the reimbursements listed in the formulas. If the services are not covered by Medicare (and therefore do not have an applicable formula) the rates must be determined by the chairman, in consultation with the above consulting entities. The payor can also

negotiate different rates with the hospital or ASC.

*Senate Amendment "A" replaces the original bill, which set default rates for workers' compensation-related services at hospitals and ASCs at 200% of the service's Medicare reimbursement rate.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Case

In September 2012, a workers' compensation commissioner ruled that a workers' compensation payor must pay a hospital's billed charges unless the payor has negotiated discounted rates with the hospital. The commissioner found that the provisions in CGS § 31-294d requiring employers to pay a hospital's actual costs, as determined by a compensation commissioner, are no longer applicable because they do not take precedence over the hospital rate deregulation laws in CGS Chapter 368z (*Thompson, et. al., v. J&J Properties, et. al., Liberty Mutual Insurance et. al., and Lawrence & Memorial Hospital and William W. Backus Hospital* (State of Connecticut Workers' Compensation Commission, Second District, Norwich, Connecticut, File Nos. 200151995, 200158976, 200115873, 400008394, September, 2012)).

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute
Yea 10 Nay 0 (03/18/2014)

Public Health Committee

Joint Favorable
Yea 20 Nay 3 (04/14/2014)

Insurance and Real Estate Committee

Joint Favorable
Yea 17 Nay 2 (04/22/2014)